

Message Text

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67

ACTION EA-14

INFO OCT-01 ISO-00 EB-11 COME-00 INT-08 FEA-02 SCI-06

OMB-01 TRSE-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03 SS-20

USIA-15 AID-20 NEA-10 DRC-01 /151 W

----- 111074

R 160050Z JAN 74

FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC 339

INFO AMEMBASSY BANGKOK

AMEMBASSY KUALA LUMPUR

AMEMBASSY MANILA

AMEMBASSY PHNOM PENH

AMEMBASSY RANGOON

AMEMBASSY SINGAPORE

AMEMBASSY TOKYO

AMCONSUL MEDAN

AMCONSUL SURABAYA

CINCPAC

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CINCPAC FOR POLAD

EO 11652: N/A

TAGS: ENRG,ETRD,ASEAN,ID,IC

SUBJECT: INDONESIAN OIL AND ASEAN

REF : JAKARTA 0542 (NOTAL)

1. DURING MY FAREWELL CALL ON MINISTER MINING SADLI JANUARY 14,
I FOUND HIM PREOCCUPIED WITH PROBLEM OF SUPPLYING INDONESIAN OIL
TO ASEAN NEIGHBORS. HE INDICATED THAT GOI FEELS STRONGLY THAT
IT SHOULD TRY TO HELP ITS NEIGHBORS BUT FACES DILEMMA ABOUT (A)
WHETHER TO TAKE OIL FROM THAT COMMITTED TO JAPANESE, UNITED STATES
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OR DOMESTIC CONSUMPTION OR COMBINATION THEREOF, AND IN WHAT

AMOUNTS AND (B) WHETHER, IF DIVERSION IS MADE TO ASEAN COUNTRIES, THESE MARKETS WILL BE SHORT-LIVED OR LONG-TERM.

2. SADLI TOLD ME THAT DECISION HAD BEEN MADE TO SUPPLY BURMA WITH 5,000 BARRELS OF OIL PER DAY FROM ASAMERA FIELD IN NORTH SUMATRA. HE SAID REASONING BEHIND THIS DECISION WAS THAT BURMA IS ABOUT TO HAVE ELECTIONS AND IT IS GOOD TIME TO TRY TO INFLUENCE BURMESE TO BE MORE OPEN AND OUTGOING WITH ITS NEIGHBORS TO SOUTHEAST. HE THOUGHT THIS WAS IN EVERYONE'S INTEREST. OIL IN THIS CASE WOULD REDUCE AMOUNT SUPPLIED TO UNITED STATES.

3. SADLI SAID GOI ALSO MAKING AVAILABLE TO PHILIPPINES 3,000 BARRELS OF GASOLINE AND 5,000 BARRELS NAPHTHA PER DAY. HE SAID BOTH PHILIPPINES AND THAILAND ARE PRESSING INDONESIA FOR OIL BUT THAT PERTAMINA DIRECTOR IBNU SUTOWO FELT THAT BOTH THESE COUNTRIES WOULD REVERT TO CHEAPER MIDDLE EAST CRUDE RATHER THAN STICK WITH HIGHER PRICED INDONESIA CRUDE WHEN MIDDLE EAST CRUDE AVAILABLE AGAIN.

4. SADLI SAID DECISION HAD BEEN MADE NOT RPT NOT TO SUPPLY OIL TO CAMBODIA, PARTLY BECAUSE OF DECISION TO HELP BURMA. HE SAID CAMBODIANS HAD ARGUED THAT IT WOULD STRENGTHEN GRK HAND IN DEALING WITH RED KHMER. SHRUGGING, SADLI SAID HE DIDN'T KNOW WHETHER INDONESIA SHOULD BE INVOLVED IN TRYING TO STRENGTHEN KHMER GOVERNMENT'S HAND WITH RED KHMER. I ARGUED STRONGLY THAT THIS WAS IMPORTANT PART OF STRATEGY OF ENCOURAGING COMPROMISE SOLUTION IN CAMBODIA AND THAT TO MY MIND IT WAS VERY IMPORTANT POLITICALLY FOR INDONESIA TO SHOW SUPPORT FOR GRK AND STRENGTHEN ITS NEGOTIATING POSITION IN THIS WAY. SADLI LISTENED BUT WAS NON-COMMITTAL.

5. FURTHER ON REQUEST FOR INDONESIAN HELP FOR GRK, WHEN I PAID FAREWELL CALL ON GRK AMBASSADOR JANUARY 15 HE TOLD ME ABOUT HIS EFFORTS, SO FAR ALMOST COMPLETELY UNSUCCESSFUL, TO PRESS HIS GOVERNMENT'S CASE WITH KEY INDONESIANS FOR HELP WITH OIL. HE SAID HE HAD FOUND MINISTER OF MINING SADLI COMPLETELY NEGATIVE; PRESIDENTIAL ADVISOR ALI MURTOPO FAVORABLY INCLINED; FOREIGN MINISTER ADAM MALIK "50/50"; HE HAD UNFORTUNATELY MISSED HIS APPOINTMENT WITH PERTAMINA PRESIDENT DIRECTOR IBNU SUTOWO EARLIER LIMITED OFFICIAL USE

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THAT MORNING BECAUSE OF TRAFFIC JAMS CAUSED BY RAMPAGING STUDENTS; HE HAD BEEN UNABLE TO SEE GENERAL SUMITRO. I URGED HIM TO KEEP TRYING WITH LATTER, ESPECIALLY, AND I REGRETTED WITH HIM HIS MISFORTUNE IN NOT SEEING IBNU SUTOWO.
GALBRAITH

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